



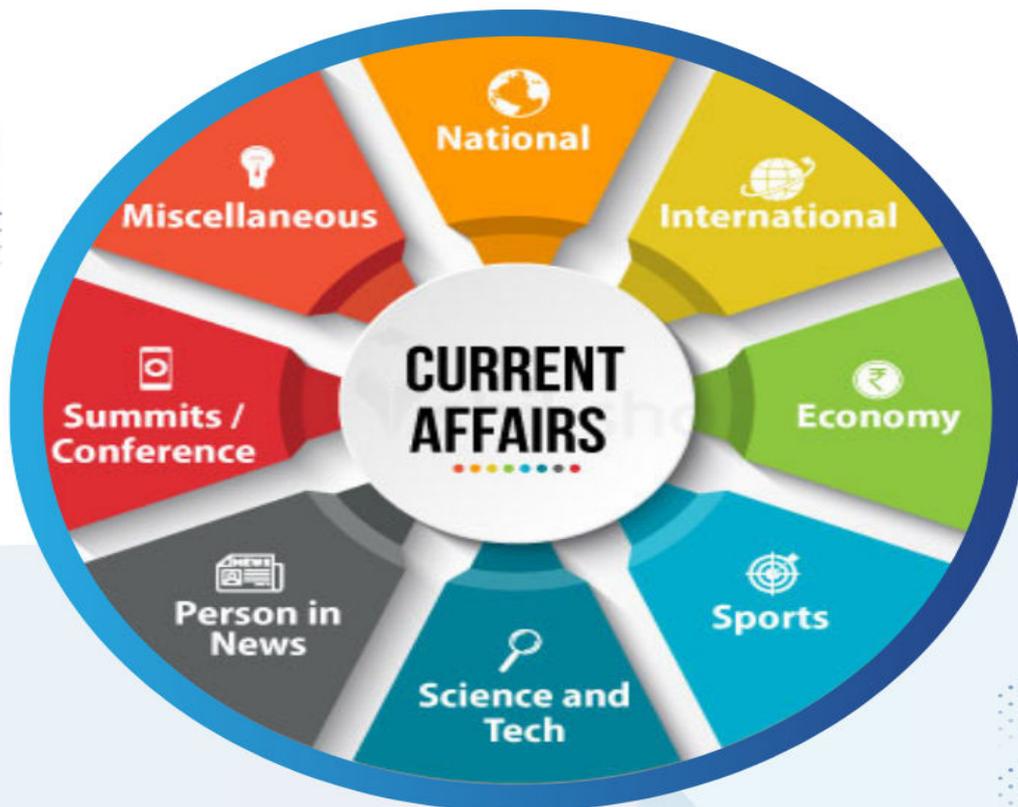
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VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

DATE: 09/01/2026 (FRIDAY)



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1. Sanctioning Russia Act 2025: U.S. Tariffs and Implications for India

The **Sanctioning Russia Act 2025** is a proposed bipartisan U.S. legislation recently "greenlit" by President Donald Trump. Aimed at economically isolating Moscow, the bill seeks to leverage extreme trade penalties against third-party nations to halt the financing of Russia's military operations.

Key Highlights of the Bill

- **Massive Tariff Authority:** Empowers the U.S. President to levy up to **500% tariffs** on all goods and services from countries that continue to import Russian oil or uranium.
- **Bipartisan Momentum:** The bill (S.1241) has secured overwhelming support in both the Senate and the House, making its passage highly likely by early 2026.
- **Diplomatic Coercion:** Explicitly targets major economies like **India, China, and Brazil**, using access to the U.S. market as "leverage" to force a shift in their energy procurement.
- **Trigger Mechanism:** Punitive measures are tied to Russia's willingness to negotiate a peace agreement; sanctions can be mandated every **90 days** based on executive determination.
- **Economic Impact:** For India, such tariffs could effectively end exports in labor-intensive sectors like textiles, footwear, and pharmaceuticals, which are currently vital for bilateral trade.
- **Strategic Pressure:** The move coincides with the appointment of **Sergio Gor** as the U.S. Ambassador-designate to India, who has labeled ending India's Russian oil imports a "top priority."

Constitutional and Legal Provisions

- **International Emergency Economic Powers Act (IEEPA):** A 1977 U.S. law that grants the President broad authority to regulate international commerce after declaring a national emergency.
- **Secondary Sanctions:** These are "extraterritorial" laws used by the U.S. to penalize non-U.S. entities (like Indian refiners) for trading with a sanctioned country (Russia), even if the trade occurs outside U.S. jurisdiction.
- **Reciprocal Tariffs:** A trade policy principle where a country matches the tariff rates of its trading partners; President Trump has frequently used this to address trade deficits with India.
- **Article 73 of the Indian Constitution:** Deals with the extent of the executive power of the Union, which includes the power to enter into international treaties and respond to foreign economic policies.

Key Definitions

- **Strategic Autonomy:** The ability of a state to pursue its national interests and adopt its preferred foreign policy without being constrained by other states.
- **Secondary Sanctions:** Sanctions that target third-party nations or companies to prevent them from engaging in business with a primary sanctioned target.
- **Uranium and Petroleum "Exchanges":** In the context of this bill, any commercial transaction involving the purchase, trade, or transfer of Russian-origin energy resources.

Conclusion

The proposed 500% tariff marks a significant escalation in U.S. economic statecraft, moving from targeted sanctions to broad-based trade warfare. While India has maintained that its energy purchases are essential for domestic energy security and inflation control, the sheer scale of the threatened tariffs presents a



formidable challenge to India's "Strategic Autonomy." New Delhi may need to accelerate its energy diversification or negotiate a high-stakes trade "waiver" to preserve its export-led growth.

UPSC Relevance

- **GS Paper II:** Bilateral, regional, and global groupings and agreements involving India and/or affecting India's interests; Effect of policies and politics of developed and developing countries on India's interests.
- **GS Paper III:** Energy security, Indian economy, and issues relating to planning, mobilization of resources, and growth.

2. UN DESA Report 2026: India's Growth Outlook and Global Headwinds

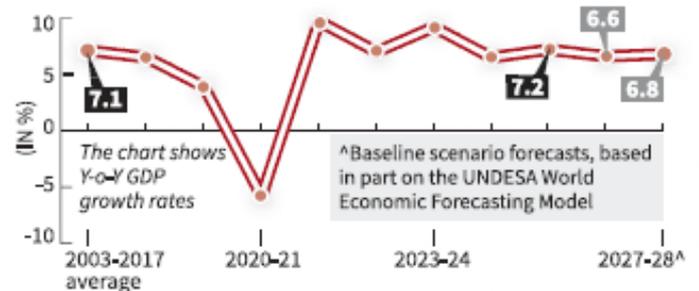
The United Nations Department of Economic and Social Affairs (UN DESA) recently released its **World Economic Situation and Prospects (WESP) 2026** report. While the global economy faces a slowdown, India is projected to remain a "bright spot," maintaining its status as the world's fastest-growing major economy despite external trade shocks.

Key Highlights of the Report

- **Growth Projections:** The UN pegs India's GDP growth at **7.2% for FY 2025-26** (slightly below the government's 7.4% estimate) and **6.6% for 2026-27**, citing a transition from post-pandemic recovery to a more stable growth phase.
- **Resilience to Tariffs:** Robust domestic **private consumption** and sustained **public investment** in physical and digital infrastructure are expected to "largely offset" the adverse impact of the 2025 U.S. tariff hikes.
- **Export Vulnerability:** With the U.S. accounting for **18% of India's total exports**, the report warns that prolonged high tariffs could weigh on export performance, although electronics and smartphones may remain largely exempt.
- **Diversification Buffer:** Strong demand from alternative markets like **Europe and West Asia** (Middle East) acts as a strategic buffer, mitigating India's dependence on the American market.
- **Monetary and Fiscal Support:** Recent **tax reforms** and a cycle of **monetary easing** (lower interest rates) by the RBI are cited as critical near-term drivers for maintaining economic momentum.
- **Manufacturing & Services:** Continued expansion in these two sectors remains the bedrock of India's supply-side growth, with India strengthening its position in global electronics supply chains.

Varying forecasts

UNDESA estimates India to grow by 7.2% in FY26, slightly lower than the 7.4% estimated by the Indian government



SOURCE: UNDESA REPORT

Constitutional and Legal Provisions

- **Article 246 (Seventh Schedule):** Governance of economic and social planning is a concurrent subject, allowing both Center and States to legislate on growth-related policies.
- **Fiscal Responsibility and Budget Management (FRBM) Act, 2003:** Sets the legal framework for the government to ensure fiscal discipline, which the UN report highlights as essential for sustaining public investment.



- **Collection of Statistics Act, 2008:** Provides the legal mandate for the National Statistical Office (NSO) to release the "Advance Estimates" of GDP mentioned in the report.
- **Foreign Trade (Development and Regulation) Act, 1992:** Empowers the Union government to formulate the Foreign Trade Policy (FTP) to address tariff challenges like those posed by the U.S.

Key Definitions

- **UN DESA:** The United Nations Department of Economic and Social Affairs, responsible for tracking global economic trends and progress toward the **Sustainable Development Goals (SDGs)**.
- **First Advance Estimates:** The government's earliest projections of the year's GDP, based on the performance of the economy in the first 7-8 months, used for budget planning.
- **Monetary Easing:** A policy where central banks lower interest rates or increase money supply to stimulate economic activity.
- **Public Investment:** Government spending on infrastructure, defense, and essential services aimed at long-term economic capacity building.

Conclusion

The UN DESA report underscores a "Goldilocks" scenario for India: high growth coupled with cooling inflation. While global trade fragmentation and aggressive U.S. protectionism present genuine risks, India's internal demand engine and strategic trade diversification provide a significant safety net. The transition toward becoming the world's third-largest economy remains on track, provided structural reforms in labor and manufacturing continue to gain pace.

UPSC Relevance

- **GS Paper II:** Important International institutions, agencies and fora - their structure, mandate.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.
- **Prelims:** Economic indicators, GDP estimation methodology, and reports published by international organizations.

3. Nationwide Cashless Treatment Scheme for Road Accident Victims

The Government of India is set to launch a transformative **cashless medical treatment scheme** aimed at drastically reducing road accident fatalities. Announced by the Union Minister for Road Transport and Highways, Nitin Gadkari, the initiative centers on providing immediate trauma care during the critical "Golden Hour" and incentivizing bystander assistance.

Key Highlights of the Scheme

- **Financial Coverage:** The scheme provides cashless medical treatment up to **₹1.5 lakh per person** for a minimum of seven days following a road accident.
- **Universal Applicability:** Unlike previous highway-centric plans, this scheme covers accidents occurring **anywhere in the country**, including state roads and municipal lanes.
- **Good Samaritan Incentive:** Individuals who rush victims to hospitals, officially termed as "**Rahavirs**", will be rewarded with a cash award of **₹25,000** and a Certificate of Appreciation.
- **Golden Hour Focus:** The primary objective is to leverage the first **60 minutes** after a traumatic injury—the "Golden Hour"—where prompt intervention can increase survival rates by up to 30%.



- **Motor Vehicle Accident Fund:** Funding is bifurcated; treatment is covered under **third-party insurance** for insured vehicles, while the **Motor Vehicle Accident Fund** (established under the MV Amendment Act 2019) funds treatment for victims of uninsured or "hit-and-run" cases.
- **Technology Integration:** The scheme integrates the **National Health Authority (NHA)** ecosystem with the Integrated Road Accident Database (**iRAD**) to ensure seamless claim processing between hospitals and insurers.

Constitutional and Legal Provisions

- **Article 21 of the Indian Constitution:** The Supreme Court has expanded the "Right to Life" to include the right to timely medical treatment (e.g., *Paschim Banga Khet Mazdoor Samity v. State of West Bengal*).
- **Motor Vehicles (Amendment) Act, 2019:** Inserted **Section 134A**, which provides statutory protection to "Good Samaritans" from civil or criminal liability, and **Section 162**, which mandates the central government to frame a scheme for cashless treatment.
- **Section 164B of the MV Act:** Provides for the creation of the **Motor Vehicle Accident Fund**, utilized specifically for the treatment of victims and compensation in hit-and-run cases.
- **Directive Principles (Article 38 & 47):** Mandate the State to promote public health and secure a social order for the welfare of the people.



Key Definitions

- **Golden Hour:** The time period lasting one hour following a traumatic injury during which there is the highest likelihood of preventing death by providing prompt medical care.
- **Good Samaritan (Rahavir):** A person who, in good faith and without expectation of reward, renders emergency medical or non-medical assistance to a victim at the scene of an accident.
- **Third-Party Insurance:** A statutory requirement for all vehicles where the insurer (the second party) protects the vehicle owner (the first party) against liability for damages caused to another person or property (the third party).

Conclusion

India currently records one of the highest road fatality rates globally. By removing the financial and legal barriers that often deter bystanders and hospitals from providing immediate care, this scheme moves beyond infrastructure and focuses on **human-centric safety**. Its success will depend on the effective "last-mile" coordination between local police stations, private hospitals, and the insurance grid.

UPSC Relevance

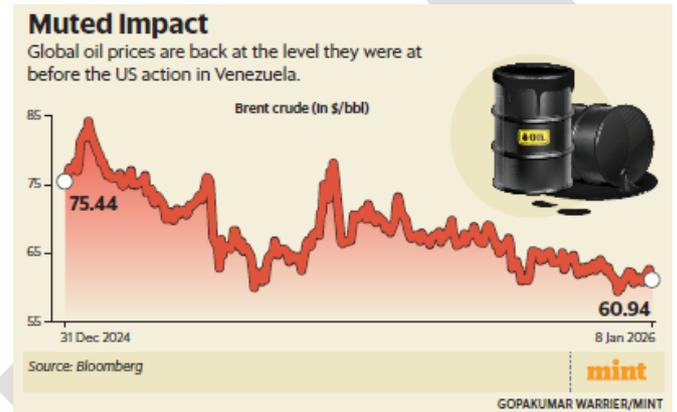
- **GS Paper II:** Government policies and interventions for development in various sectors; Issues relating to the development and management of Social Sector/Services relating to Health.
- **GS Paper III:** Infrastructure (Roads); Investment models; Disaster management (road safety as a public health crisis).
- **Ethics (GS Paper IV):** Altruism and the role of "Good Samaritans" in civic society.

4. Geopolitical Shift in Venezuela: Oil Markets and Strategic Impact on India

In a dramatic escalation of the "Trump Doctrine," U.S. forces conducted **Operation Absolute Resolve** on January 3, 2026, capturing Venezuelan President Nicolás Maduro.¹ Despite the removal of a major geopolitical adversary and the potential "unlocking" of the world's largest oil reserves, global crude prices have remained remarkably range-bound, baffling many observers.

Key Highlights of the Venezuela Crisis

- **Regime Change & Military Action:** On January 3, 2026, U.S. special forces captured President Maduro in Caracas, transferring him to New York for trial on narco-terrorism charges.² Acting President Delcy Rodríguez has since assumed power, amidst U.S. plans to "run" the country's energy sector.
- **Muted Price Response:** Brent crude spiked briefly to **\$62.56/bbl** but quickly retreated to approximately **\$60/bbl**. Traders are ignoring the headlines because any meaningful increase in Venezuelan supply is estimated to be years away.
- **Infrastructure Paradox:** While Venezuela holds over **303 billion barrels** (the world's largest), its production is currently below **1% of global output** (approx.⁵ 750k–860k bpd) due to decades of underinvestment and decaying infrastructure.
- **Investment Hesitancy:** Despite President Trump's push for U.S. oil majors (Chevron, Exxon, ConocoPhillips) to "fix" the sector, companies are wary of high capital expenditure requirements (estimated at **\$20 billion+**) in a low-price environment.⁷
- **Demand-Side Headwinds:** Global demand is projected to rise by only **860,000 bpd in 2026**, dampened by a slowing Chinese economy, European stagnation, and the aggressive global shift toward **Electric Vehicles (EVs)**.
- **Global Supply Glut:** The market is currently "drowning" in a surplus of nearly **3–4 million bpd**, which acts as a ceiling for prices, preventing a "risk premium" from sustaining higher costs.⁸



Constitutional and Legal Provisions

- **Monroe Doctrine (1823):** Invoked by the current U.S. administration to justify intervention in the Western Hemisphere, asserting that any intervention by external powers in the politics of the Americas is a potentially hostile act against the U.S.⁹
- **UN Charter (Article 2(4)):** Prohibits the threat or use of force against the territorial integrity or political independence of any state; the U.S. action has been criticized by the UN Secretary-General as a "dangerous precedent."¹⁰
- **Article 73 & 253 of the Indian Constitution:** Relates to the power of the Union to manage international relations and implement treaties, relevant as India navigates shifting energy alliances and potential secondary sanctions.

Key Definitions

- **Range-Bound Market:** A situation where a commodity's price stays within a specific high and low range over a period of time, failing to break out despite significant news.



- **Indian Basket of Crude:** A weighted average of sour (Oman/Dubai) and sweet (Brent) crude grades, representing the actual cost of oil imports for Indian refineries.¹¹
- **Heavy/Sour Crude:** Oil that is viscous (thick) and has high sulfur content; Venezuela's reserves are primarily of this type, requiring complex and expensive refining.¹²

Conclusion

The "Venezuela Shock" has proved to be a "paper tiger" for oil prices in the short term. For India, this stability is a massive fiscal win.¹³ As long as prices stay near or below **\$60/bbl**, New Delhi can manage its Current Account Deficit (CAD) and maintain domestic fuel subsidies. However, the long-term risk lies in the potential for U.S. "energy hegemony" to dictate who India can buy from, necessitating a delicate balancing act in India's foreign policy.

UPSC Relevance

- **GS Paper II:** Effect of policies and politics of developed and developing countries on India's interests (U.S. intervention in Latin America); India and its neighborhood-relations.
- **GS Paper III:** Indian Economy (Impact of crude prices on inflation and fiscal deficit); Infrastructure: Energy.
- **Prelims:** Location-based questions (Orinoco Belt, Caracas), OPEC+ production trends, and Indian Basket composition.

5. Rationalization of Subsidies: India's Fiscal Consolidation Path

The share of subsidies in India's total expenditure is projected to reach an **8.4%** low in **FY 2025-26**, marking a significant milestone in fiscal management. After a sharp spike during the pandemic to support vulnerable populations, the government has resumed its aggressive path of "subsidy rationalization," aiming for long-term fiscal stability and a reduced fiscal deficit.

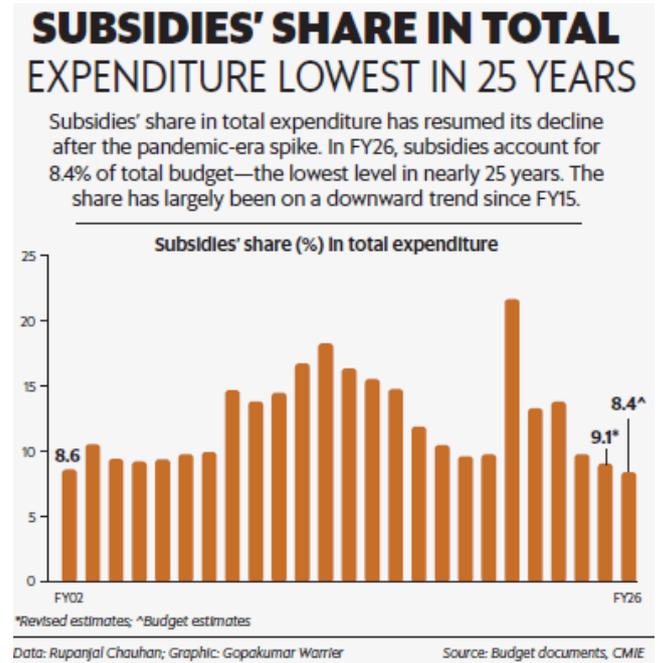
Key Highlights of the Subsidy Shift

- **25-Year Low:** At **8.4%** of the total budget, the subsidy burden is at its lowest level in nearly a quarter-century, down from the pandemic peaks when it exceeded **12-13%**.
- **Major Components:** The "Big Three" subsidies—**Food, Fertilizer, and Petroleum**—continue to dominate. Food subsidy remains the largest at over **₹2.03 lakh crore**, followed by Fertilizers at **₹1.56 lakh crore**.
- **Fiscal Consolidation:** This reduction is a cornerstone of the government's strategy to bring the **Fiscal Deficit** down to **4.4%** of GDP in FY26, adhering to the post-pandemic consolidation roadmap.
- **Direct Benefit Transfer (DBT) Impact:** The expansion of **Aadhaar-linked DBT** and the **PM-KISAN** model has minimized "leakages" and "ghost beneficiaries," allowing the government to reduce outlays without compromising essential support.
- **Shift to Capital Expenditure:** The "saved" fiscal space is being redirected toward **Public Capex** (infrastructure, railways, and roads), which has a higher multiplier effect on economic growth compared to revenue expenditure on subsidies.
- **Global Headwinds Buffer:** Despite the reduction, the government has maintained "escape clauses" for fertilizer subsidies to shield farmers from volatile global natural gas and Di-Ammonium Phosphate (DAP) prices.



Constitutional and Legal Provisions

- **Article 112:** Mandates the presentation of the **Annual Financial Statement**, distinguishing between Revenue Expenditure (where subsidies lie) and Capital Expenditure.
- **Fiscal Responsibility and Budget Management (FRBM) Act, 2003:** Section 4 of the Act requires the government to take measures to limit the fiscal deficit. Subsidy control is the primary tool used to meet these statutory targets.
- **National Food Security Act (NFSA), 2013:** Provides the legal basis for the Food Subsidy, guaranteeing highly subsidized (now free under PMGKAY) foodgrains to nearly **800 million** people.
- **Article 282:** Allows the Union or States to make grants for any "public purpose," which serves as the constitutional umbrella for various central sector subsidy schemes.



Key Definitions

- **Subsidy Rationalization:** The process of making subsidies more efficient by targeting only the truly needy, reducing leakages, and phasing out "non-merit" subsidies.
- **Merit vs. Non-Merit Subsidies:** **Merit subsidies** (e.g., education, health) provide significant social benefits beyond the individual, while **non-merit subsidies** (e.g., some fuel or power subsidies) may lead to resource misallocation.
- **Fiscal Deficit:** The gap between the government's total expenditure and its total non-debt receipts; reducing subsidies directly narrows this gap.

Conclusion

The declining trend in subsidy share signals a structural shift in the Indian economy from a "welfare-only" model to a "growth-enabling" framework. While the reduction enhances macroeconomic stability and strengthens the rupee, the challenge remains in ensuring that the withdrawal of subsidies does not aggravate rural distress or nutritional insecurity. The future of Indian fiscal policy lies in "**smart subsidies**"—those that are digitally targeted, time-bound, and outcome-oriented.

UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, and development; Government Budgeting; Issues related to direct and indirect farm subsidies and minimum support prices.
- **GS Paper II:** Welfare schemes for vulnerable sections of the population by the Centre and States.
- **Prelims:** FRBM Act targets, components of the Revenue Budget, and the role of the Finance Commission in fiscal transfers.



6. Fiscal Federalism and Tax Devolution: The GSDP Debate

The distribution of financial resources between the Union and States is a cornerstone of Indian federalism. Recently, the debate has shifted towards using **Gross State Domestic Product (GSDP)** as a proxy for tax contribution to address the long-standing "Equity vs. Efficiency" dilemma in the Finance Commission's (FC) devolution formula.

Key Highlights of the Devolution Debate

- **The Shrinking Divisible Pool:** While the 15th FC recommended a **41%** vertical devolution, the actual transfer is often lower (approx. **33%**) because the Centre increasingly relies on **cesses and surcharges**, which are not shared with States.
- **GSDP as an Efficiency Proxy:** High-performing States (e.g., Karnataka, Maharashtra, Tamil Nadu) argue that current criteria like "**Income Distance**" (weighted at 45%) penalize development. The report suggests **GSDP share** as a more reliable indicator of a State's actual contribution to the national tax base compared to PAN-based collection data.
- **Erosion of Fiscal Autonomy:** The implementation of **GST** has limited States' powers to raise independent revenue. Coupled with the rise of **Centrally Sponsored Schemes (CSS)**, States face "one-size-fits-all" spending constraints.
- **Collection vs. Contribution:** Direct tax collection figures are often skewed by the location of corporate headquarters. For instance, a firm may produce in Tamil Nadu but pay taxes in Mumbai. **GSDP** captures the actual economic activity (the tax base) occurring within a State's borders.
- **Performance Incentives:** The 15th FC introduced "**Demographic Performance**" (12.5%) to reward States with lower fertility rates, but critics argue this doesn't fully compensate for the loss in revenue caused by shifting from the 1971 to 2011 Census data.
- **Equity-Efficiency Balance:** Empirical data shows that **GSDP shares** have a high correlation (**0.81**) with tax collections. Using **GSDP** as a criterion could bridge the gap between redistribution to backward States and rewarding economic contributors.



Constitutional and Legal Provisions

- **Article 280:** Mandates the President to constitute a **Finance Commission** every five years to recommend the distribution of net tax proceeds.
- **Article 270:** Outlines the "Divisible Pool," but specifically **excludes** cesses and surcharges (under Article 271) from being shared with States.
- **Article 275:** Provides for **Grants-in-aid** to States in need of assistance, separate from tax devolution.
- **Article 282:** Allows the Union to make grants for any "public purpose," which is the legal window for **Centrally Sponsored Schemes (CSS)**, often criticized for infringing on State lists.
- **Article 246A:** Special provision introduced by the **101st Constitutional Amendment** giving Parliament and State Legislatures power to make laws with respect to GST.



Key Definitions

- **Vertical Devolution:** The percentage of the total divisible pool of central taxes that goes to all States collectively (currently 41%).
- **Horizontal Devolution:** The formula used to distribute the States' collective share among individual States based on criteria like population, area, and forest cover.
- **Income Distance:** The difference between the per capita GSDP of a State and the State with the highest per capita GSDP; used as a measure of "need."
- **Cess and Surcharge:** Additional taxes levied by the Centre for specific purposes (e.g., Education Cess). Unlike basic taxes, these proceeds remain entirely with the Union.

Conclusion

The 16th Finance Commission faces the herculean task of recalibrating India's fiscal architecture. While the principle of "**Equalization**" (helping poorer States) is vital for national integrity, ignoring the "**Efficiency**" of industrial States risks de-incentivizing growth. Incorporating GSDP as a significant weight in the horizontal formula could provide a transparent, data-driven compromise that honors both social justice and economic contribution.

UPSC Relevance

- **GS Paper II:** Issues and challenges pertaining to the federal structure; Devolution of powers and finances up to local levels and challenges therein.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment; Government Budgeting.
- **Prelims:** Articles 280, 270, 275; Recommendations of the 15th FC; Components of the divisible pool.

7. Judicial Governance in Environment: Mandamus, Management, and Stability

Over the last decade, the Supreme Court of India has shifted from reviewing the legality of administrative decisions to issuing "forward-looking" directives, often assuming a managerial role in environmental regulation. While prompted by regulatory failure, this "judicial governance" has created a cycle of sweeping rules followed by frequent modifications, raising concerns about policy stability and the separation of powers.

Key Highlights of Judicial Environmental Management

- **Managerial Shift:** The Court has increasingly moved beyond mere judicial review to acting as a "super-regulator," issuing specific technical instructions (e.g., fuel standards, buffer zone limits) when executive bodies fail to act.
- **Continuing Mandamus:** Through the doctrine of **Continuing Mandamus**, the Court keeps cases open for years, issuing a series of interim orders and monitoring compliance through court-appointed committees.
- **The Stability Paradox:** Large-scale "blanket rules"—such as the **1km Eco-Sensitive Zone (ESZ)** mandate of 2022—often face implementation hurdles, leading the Court to issue "U-turns" or modifications (as seen in the April 2023 ESZ reversal).



- **Expertise vs. Discretion:** The Court relies heavily on expert committees (e.g., in the **Aravalli mining matter**) but often finds its own definitions contested, leading to further delays and legal uncertainty for regulated industries.
- **Smothering Statutory Process:** Early judicial intervention in project approvals can sometimes bypass established statutory authorities (like the MoEFCC), creating a sense of "finality" that discourages lower-level judicial review and public contestation.
- **Consequentialism in Rulings:** In the **Vanashakti vs Union of India (2025)** case, the Court initially struck down *ex post facto* (retrospective) environmental clearances but later recalled the position in November 2025 to prevent economic disruption, highlighting a shift from strict legal principles to "consequence-based" balancing.

Constitutional and Legal Provisions

- **Article 32 & 226:** Grant the Supreme Court and High Courts power to issue writs, including **Mandamus**, to enforce fundamental rights.
- **Article 142:** Grants the Supreme Court the power to pass any decree or order necessary for doing "complete justice," often used as the basis for wide-reaching environmental directives.
- **Article 21:** The "Right to Life" has been judicially expanded to include the **Right to a Clean Environment** (*M.C. Mehta cases*).
- **Article 48A & 51A(g):** Directive Principles and Fundamental Duties that mandate the State and citizens to protect and improve the natural environment.
- **Environment (Protection) Act, 1986:** The primary statutory framework which the Court often steps in to enforce (or substitute) when the executive remains inactive.

Key Definitions

- **Continuing Mandamus:** A procedural innovation where the Court does not deliver a final judgment but issues periodic directions and monitors implementation over a long period.
- **Eco-Sensitive Zones (ESZ):** Buffer areas around Protected Areas (National Parks/Sanctuaries) intended to act as "shock absorbers" to minimize human-wildlife conflict and environmental degradation.
- **Ex Post Facto Clearance:** An environmental clearance granted to a project after it has already commenced operations or construction, effectively regularizing a prior illegality.
- **Judicial Overreach:** When the judiciary encroaches upon the domain of the legislature or executive, often by making policy decisions or administrative rules.

Conclusion

The Supreme Court's proactive stance has undoubtedly saved critical ecosystems from administrative apathy. However, the transition from "Reviewer" to "Approver" has introduced systemic instability. To restore balance, the Court must transition from *managing* the environment to *disciplining* the State's own regulatory machinery. Stability in environmental law requires strict, predictable rules rather than negotiable, court-managed exemptions.

UPSC Relevance

- **GS Paper II:** Separation of powers between various organs; Dispute redressal mechanisms and institutions; Judicial activism vs. Judicial restraint.



- **GS Paper III:** Conservation, environmental pollution, and degradation; Environmental Impact Assessment (EIA).
- **Mains Perspective:** Discuss the impact of "Continuing Mandamus" on the executive's accountability and the stability of India's investment climate.

8. India-Germany Submarine Deal: A Paradigm Shift in Defense Diplomacy

India and Germany are on the verge of finalizing a landmark defense agreement worth approximately **\$8 billion (₹90,000 crore)** for the manufacturing of six advanced conventional submarines.¹ Negotiated ahead of **Chancellor Friedrich Merz's** maiden visit to India in January 2026, the deal represents the largest-ever defense contract for New Delhi and signifies a deepening of the **India-Germany Strategic Partnership**.

Key Highlights of the Submarine Agreement

- **Project 75(I) Framework:** The deal involves the indigenous construction of six advanced diesel-electric submarines under **Project 75-India (P-75I)**, building on the success of the earlier Project 75 (Kalvari-class).
- **Unprecedented Technology Transfer:** For the first time, Germany has agreed to a comprehensive **Transfer of Technology (ToT)**, covering advanced design and engineering—a major step toward India's goal of self-reliance in defense.
- **Strategic Partnership Model:** The project will follow a collaboration between Germany's **ThyssenKrupp Marine Systems (TKMS)** and India's state-owned **Mazagon Dock Shipbuilders Limited (MDL)**, emphasizing the "Make in India" initiative.
- **AIP Technology:** The submarines will feature **Air-Independent Propulsion (AIP)** systems, allowing them to stay submerged for 2–3 weeks, significantly enhancing stealth and operational endurance compared to conventional diesel-electric engines.
- **Indigenization Targets:** The agreement mandates **45% indigenous content** for the first submarine, increasing to **60%** for the final vessel, fostering a domestic ecosystem for MSMEs and defense components.
- **Shifting Procurement Strategy:** If concluded, this pact may lead India to cancel plans for additional French Scorpène submarines, signaling a strategic pivot toward Berlin for high-tech undersea platforms.



Constitutional and Legal Provisions

- **Article 73 of the Indian Constitution:** Extends the executive power of the Union to all matters concerning international treaties and agreements, providing the basis for such defense pacts.
- **Defence Acquisition Procedure (DAP) 2020:** The primary legal framework governing the **Strategic Partnership (SP) Model**, which encourages foreign OEMs to establish production lines in India through Indian partners.
- **Major Non-NATO Ally (MNNA) Status:** While India is not an MNNA, Germany's recent relaxation of **export control norms** for India reflects a high level of strategic trust usually reserved for close security allies.⁹



- **Aatmanirbhar Bharat Abhiyan:** The overarching policy framework that mandates domestic manufacturing of critical platforms to reduce foreign dependency and ensure security of supply.¹⁰

Key Definitions

- **Air-Independent Propulsion (AIP):** A technology that allows non-nuclear submarines to operate without access to atmospheric oxygen (by surfacing or using a snorkel), enhancing their ability to evade detection.¹¹
- **Strategic Partnership (SP) Model:** A policy aimed at promoting Indian private/public entities to manufacture complex defense platforms (submarines, fighter jets) in collaboration with global OEMs.¹²
- **Transfer of Technology (ToT):** The process by which the owner of a technology grants the right to a third party to use it, often including the "know-how" and "know-why" required for manufacturing and maintenance.

Conclusion

The \$8 billion submarine deal is more than a commercial transaction; it is a strategic maneuver to counterbalance the rising maritime challenges in the **Indo-Pacific** and reduce India's historical dependence on Russian military hardware.¹³ By securing full technology transfer, India is not just buying a fleet but is acquiring the industrial capability to design future undersea vessels, cementing its status as a significant naval power.

UPSC Relevance

- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests; Effect of policies and politics of developed and developing countries on India's interests.
- **GS Paper III:** Security challenges and their management in border areas; role of external state and non-state actors in creating challenges to internal security; indigenization of technology and developing new technology.
- **Mains Focus:** Evaluate the role of "Transfer of Technology" in India's quest for strategic autonomy.

9. Evolution of ISRO: Transitions, Governance, and Future Challenges

The Indian Space Research Organisation (ISRO) is transitioning from a mission-led research agency to a cornerstone of a broad industrial space ecosystem. While the last decade was marked by landmark "firsts"—including the **Chandrayaan-3** lunar landing and the **Aditya-L1** solar mission—the next phase demands institutional maturity, legal clarity, and a shift toward routine, large-scale execution to maintain global competitiveness.

Key Highlights of ISRO's Future Roadmap

- **Mission Complexity & Success:** The successful soft landing of **Chandrayaan-3** (August 2023) and the insertion of **Aditya-L1** into the Sun-Earth L1 Lagrange point (January 2024) have elevated India into an elite group of spacefaring nations capable of deep-space exploration.
- **Structural Bottlenecks:** Despite engineering excellence, ISRO faces a "prioritization problem." Parallel preparation for **Gaganyaan** (human spaceflight), satellite replenishment, and the **NGLV** has strained launch cadence, with 2025 seeing fewer launches than projected due to project delays.



- **Transition to NGLV (Soorya):** The **Next-Generation Launch Vehicle (NGLV)** is being developed as a partially reusable, modular rocket capable of lifting **30 tonnes** to Low Earth Orbit (LEO). It is designed to replace the PSLV and LVM-3, providing low-cost access to space.
- **International Collaboration (NISAR):** The **NASA-ISRO Synthetic Aperture Radar (NISAR)**, launched in **July 2025**, represents a billion-dollar climate monitoring partnership, utilizing dual-frequency radar (L-band and S-band) for unprecedented Earth observation.
- **Shift to "Demand-Driven" Model:** Through **NewSpace India Ltd (NSIL)**, ISRO is moving away from the "supply-driven" approach, allowing industry consortia (like HAL-L&T) to manufacture and launch workhorse rockets like the PSLV, freeing ISRO to focus on R&D.
- **Space Liberalization & Ecosystem:** The 2020 reforms created **IN-SPACe** as a regulator to promote private participation. However, the lack of a comprehensive **National Space Law** remains a hurdle for defining liability, insurance, and intellectual property rights for startups.



Constitutional and Legal Provisions

- **Article 51A(h):** Part of the Fundamental Duties, it mandates the development of "scientific temper, humanism and the spirit of inquiry and reform," providing a moral basis for space exploration.
- **Indian Space Policy, 2023:** An overarching framework that defines the roles of **ISRO** (Advanced R&D), **IN-SPACe** (Regulation/Promotion), and **NSIL** (Commercialization).
- **Draft Space Activities Bill (2017):** A proposed (but not yet enacted) law aimed at regulating private space activity, establishing licensing regimes, and defining the government's liability under international treaties.
- **Outer Space Treaty (1967):** As a signatory, India is internationally liable for all space objects launched from its territory, necessitating strict domestic regulation of private players to manage sovereign risk.

Key Definitions

- **Lagrange Point (L1):** A position in space where the gravitational forces of two large bodies (like Earth and Sun) produce enhanced regions of attraction and repulsion, allowing a spacecraft to "hover" with minimal fuel.
- **Synthetic Aperture Radar (SAR):** A form of radar that is used to create two-dimensional images or three-dimensional reconstructions of objects, such as landscapes, regardless of weather or sunlight.
- **Continuing Mandamus (Space Context):** While usually a judicial term, in the space sector, it refers to the ongoing supervisory and corrective role the state must play to ensure safety and debris mitigation in orbit.
- **Gaganyaan:** India's first human spaceflight program, intended to demonstrate the capability to send a three-member crew to an orbit of 400 km for a 3-day mission.



Conclusion

ISRO's journey from "bullock carts to Moon landings" is now evolving into a sophisticated "Space Industrial System." The future success of India's space ambitions depends on moving past individual feats toward **sustained institutional performance**. This requires enacting a National Space Law to decouple ISRO from routine administrative tasks and empowering the private sector to lead the commercial launch market, thereby allowing ISRO to focus exclusively on frontier science and strategic missions.

UPSC Relevance

- **GS Paper III:** Awareness in the fields of Space; Achievements of Indians in science & technology; Indigenization of technology.
- **GS Paper II:** Government policies and interventions for development in various sectors; Statutory, regulatory, and various quasi-judicial bodies (IN-SPACE).
- **Mains Focus:** The role of the private sector in space and the legal challenges of space governance.

10. U.S.-Venezuela Energy Strategy: The "Donroe Doctrine" and Global Oil Markets

In January 2026, the Trump administration launched a sweeping plan to dominate the Venezuelan oil industry following the capture of President Nicolás Maduro in "**Operation Resolve**." Termed the "**Donroe Doctrine**" (a portmanteau of Donald and Monroe), this policy asserts absolute U.S. hegemony over the Western Hemisphere's energy resources to lower global oil prices to **\$50 a barrel** and expel Russian and Chinese influence from the region.

Key Highlights of the Venezuela Oil Initiative

- **Projected Stewardship:** The U.S. aims to exert direct stewardship over **Petróleos de Venezuela SA (PdVSA)**, the state-run oil company. This includes acquiring, marketing, and potentially distributing the bulk of Venezuela's production through joint ventures with giants like **Chevron**.
- **Target Oil Price:** President Trump has repeatedly signaled a target price of **\$50 per barrel**. While beneficial for consumers, this level risks making domestic **U.S. shale production** unprofitable, as many firms require prices above \$50–\$55 to sustain operations.
- **Immediate Market Injection:** Energy Secretary Chris Wright announced the immediate marketing of **30 to 50 million barrels** of previously sanctioned Venezuelan oil held in storage, with proceeds funneled into U.S.-controlled accounts for future distribution to a "safe transition" government.
- **Infrastructure Revitalization:** Decades of neglect have left Venezuela's industry dilapidated. The plan requires **\$10 billion to \$110 billion** in private investment to restore production from current levels (~1 million bpd) to historic peaks of over 3 million bpd.
- **Geopolitical Displacement:** A primary goal is to "box out" **China** (currently importing ~76% of Venezuelan crude) and **Russia** (a key military and financial ally of the former Maduro regime) from the Western Hemisphere's strategic oil reserves.
- **The "American Made" Requirement:** In a shift toward **mercantilism**, the administration stated that Venezuela would be required to use oil revenues to purchase only American-made agricultural goods, medicines, and medical equipment.



Constitutional and Legal Provisions

- **The Donroe Doctrine (2026):** A modern reassertion of the **1823 Monroe Doctrine**, supplemented by a "**Trump Corollary**" that justifies U.S. intervention to prevent "foreign adversaries" from gaining a foothold in the Americas.
- **UN Charter Article 2(4):** Generally prohibits the "threat or use of force against the territorial integrity or political independence of any state." Legal scholars argue the capture of a sitting president and seizure of state assets may violate this core principle of international law.
- **Article 142 (U.S. Interpretation):** While not a constitutional article of a treaty, the U.S. often cites its **Commander-in-Chief powers** to justify "police actions" against designated "narco-terrorist" leaders (similar to the 1989 invasion of Panama).
- **International Sanctions Thaw:** The Selective rollback of sanctions under the **International Emergency Economic Powers Act (IEEPA)** allows the U.S. Treasury to authorize specific oil transactions while maintaining leverage over the interim government.

Key Definitions

- **Donroe Doctrine:** The 2026 U.S. policy asserting that the Western Hemisphere is a unique American sphere of influence where international law is secondary to U.S. national security and energy interests.
- **PdVSA:** *Petróleos de Venezuela, S.A.*, the state-owned oil and natural gas company; owner of the world's largest proven oil reserves (approx. 300 billion barrels).
- **Western Hemisphere Stewardship:** A geopolitical concept where the U.S. seeks to manage the combined energy reserves of North and South America to ensure regional self-sufficiency and global price control.
- **Narco-Terrorism Indictment:** The legal basis used by the U.S. Department of Justice to charge Nicolás Maduro, effectively stripping him of sovereign immunity in the eyes of the U.S. legal system.

Conclusion

The 2026 intervention in Venezuela marks the end of the post-WWII "rules-based international order" and a return to **19th-century realpolitik**. By seeking to control the world's largest oil reserves, the U.S. is attempting to leverage energy as a tool of global diplomacy and domestic economic relief. However, the success of this plan hinges on the massive task of rebuilding a collapsed industrial base and navigating a world where allies and adversaries alike are wary of a "superpower turned rogue."

UPSC Relevance

- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India; Effect of policies and politics of developed and developing countries on India's interests (Energy Security).
- **GS Paper III:** Issues related to direct and indirect energy subsidies; Effects of liberalization on the economy; Infrastructure: Energy.
- **Impact on India:** India, formerly a top importer of Venezuelan crude, remains largely insulated in the short term due to low current trade volumes (~0.3% of imports). However, a long-term drop in global prices to \$50 would significantly aid India's **Current Account Deficit (CAD)** and inflation management.